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February 12, 2020

To: Santa Clara Valley Water District Board of Directors

Subject: IMC Report in Review of SCW FY19 Annual Report

SUMMARY

The Independent Monitoring Committee (IMC) is pleased to present its annual review of the Safe, Clean Water and Natural Flood Protection Program (SCW) for Fiscal Year 2018-2019 (FY19), the sixth year of the program, to the Santa Clara Valley Water District (Valley Water) Board of Directors (Board). The IMC finds that funds from Measure B are being spent in accordance with the voter approved priorities and that Valley Water is acting responsibly to ensure projects move forward in a timely manner. The IMC has some concerns and they are explained below.

PROCESS

The IMC met on December 4, 2019, to begin its sixth annual SCW review process and elected a Chair and Vice Chair. Subcommittees were formed to review the SCW report (Priorities A, B, C, D, and E) and Other Projects remaining from Clean, Safe Creeks and Natural Flood Protection Plan (CSC).

The four subcommittees met with Valley Water staff (Staff) during the first half of January 2020. At each subcommittee meeting, a chair was elected. The subcommittee chairs presented the subcommittee findings to the IMC as a whole on January 22, 2020. IMC members agreed that subcommittee chairs led by the Chair of the IMC draft the IMC review to the Board.

The draft review was presented to the IMC on February 12, 2020, for final edits and approval. The IMC provided three levels of input; overview concerns about SCW included in this letter, specific project recommendations for Board review (Attachment 1) and notes for Staff for future SCW reports (Attachment 2).

CONCERNS AND GENERAL RECOMMENDATIONS

Grants Administration

It has come to the attention of the IMC that there are apparent inefficiencies in grant administration, which may be costly to both grantor and grantee.

Some grantees have brought to the IMC the following issues:

1. Long negotiation times to sign contracts
2. Long delays (6 months) in payments after projects have finished and
3. Excessive reporting requirements

The Board has incentivized grants in disadvantaged communities, however, long lead times to sign contracts as well as delays in payment create financial strain for small non-profits. The IMC is aware of staffing challenges in the grants department during the last two to three years. The IMC is also respectful of the grant administration's obligation to protect public funds.

Recommendations:

1. The IMC recommends that Valley Water review its process of administering SCW grants with the intent of streamlining the process to the benefit of both the grantor and grantee.
2. Report metrics from the grants administration on three parameters: time to sign contract, time to pay after work completion, and reporting requirements (high, medium or low). We request these metrics for each grant in FY19 and FY20.

Priority D

At the end of the sixth year (40%) of the fifteen-year SCW, Priority D has spent only 19% of its budget, specifically D1: 20%, D2: 18%, D3: 30%, D4: 19%, D5: 26%, D6: 7%, D7: 10%, D8: 6%. The IMC is concerned that these environmental projects are not getting the priority the public expected. When Clean, Safe Creeks (CSC) ended, significant funds remained in Priority D. There is a concern that SCW could also end with unspent funds and uncompleted environmental projects. The benefits of environmental projects compound yearly. The earlier these projects can be completed, the more beneficial impact to our environment. The IMC would like to see Priority D projects completed at a faster pace than in the first six years of SCW.

Funding Extension

The IMC looks forward to participating in any modifications and extensions of Safe, Clean Water Program.

Membership

SCW will expend greater than a billion dollars and as such warrants a robust committee to review and monitor the program. The IMC encourages board to actively recruit new IMC members to fill vacancies. The IMC also recommends that in recruiting new members, the Board clearly explain the time commitment involved, the timeline of the review and the nature of the IMC review process. Members should commit to attend majority of full committee and sub-committee meetings.

Finance Committee

There are many financial issues, documented only in Appendix A: Financial Information, that are typically not covered during each Priority review. For next year's review, the IMC will establish a separate subcommittee to thoroughly review the financial aspect of each line item in Appendix A with finance Staff.

TOURS AND PRESENTATIONS

Through presentations and tours, IMC members gain greater understanding of SCW projects. For FY21, the IMC suggests the following:

Tour Sites

1. Anderson Dam Seismic Retrofit (C1)
2. Coyote Creek Flood Protection Project (Other Projects)
3. San Francisco Bay Shoreline Protection (E7)

Presentations

1. Safe, Clean Water Ballot Measure Update
2. Grants administration audit
3. Integration between San Francisco Bay Shoreline Protection Project (E7) and Salt Ponds Restoration Partnership (D8)

We thank the Staff for their time to write the SCW report and to answer IMC questions during the many hours of meeting. We thank the Board for the support they have shown for our past recommendations.

Sincerely,

Kit Gordon

Kit Gordon, Chair
Independent Monitoring Committee

Attachments:
1. IMC Fiscal Year 2018-2019 Annual Report
2. Notes for IMC Future SCW Reports

cc: Independent Monitoring Committee Members

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Independent Monitoring Committee Report
Fiscal Year 2018-2019
Project Recommendations
Priority A - Ensure a Safe, Reliable Water Supply

Project:		Status:	Comment:
A1	Main Avenue and Madrone Pipelines Restoration	Completed	IMC agrees with the project status. No recommendations.
A2	Safe, Clean Water Partnerships and Grants	On Target	IMC agrees with the project status. Recommendations: • Staff reach out to medical and health service providers in South County regarding the Nitrate Treatment System Rebate program.
A3	Pipeline Reliability Project	On Target	IMC agrees with the project status. No recommendations.

Independent Monitoring Committee Report
Fiscal Year 2018-2019
Project Recommendations
Priority B - Reduce Toxins, Hazards and Contaminants in our Waterways

Project:		Status:	Comment:
B1	Impaired Water Bodies Improvement	On Target	IMC agrees with the project status. No recommendations.
B2	Interagency Urban Runoff Program	On Target	IMC agrees with the project status. No recommendations.
B3	Pollution Prevention Partnerships and Grants	On Target	IMC agrees with the project status. No recommendations.
B4	Good Neighbor Program: Encampment Cleanup	On Target	IMC agrees with the project status. No recommendations.
B5	Hazardous Materials Management and Response	On Target	IMC agrees with the project status. No recommendations.
B6	Good Neighbor Program: Remove Graffiti and Litter	On Target	IMC agrees with the project status. No recommendations.
B7	Support Volunteer Cleanup Efforts and Education	On Target	IMC agrees with the project status. No recommendations.

Independent Monitoring Committee Report
Fiscal Year 2018-2019
Project Recommendations
Priority C - Protect our Water Supply from Earthquakes and Natural Disasters

Project:		Status:	Comment:
C1	Anderson Dam Seismic Retrofit	On Target	IMC agrees with the project status. No recommendations.
C2	Emergency Response Upgrades	On Target	IMC agrees with the project status. No recommendations.

Independent Monitoring Committee Report
Fiscal Year 2018-2019
Project Recommendations
Priority D - Restore Wildlife Habitat and Provide Open Space

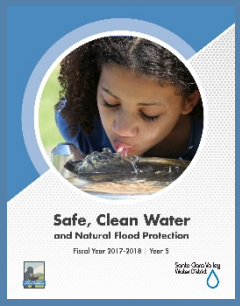
Project:		Status:	Comment:
D1	Management of Revegetation Projects	On Target	IMC agrees with the project status. No recommendations.
D2	Revitalize Stream, Upland and Wetland Habitat	On Target	IMC agrees with the project status. No recommendations.
D3	Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails	On Target	IMC agrees with the project status. No recommendations.
D4	Fish Habitat and Passage Improvement	Adjusted	IMC agrees with the project status. No recommendations.
D5	Ecological Data Collection and Analysis	On Target	IMC agrees with the project status. No recommendations.
D6	Creek Restoration and Stabilization	Adjusted	IMC agrees with the project status. No recommendations.
D7	Partnerships for the Conservation of Habitat Lands	On Target	IMC agrees with the project status. No recommendations.
D8	South Bay Salt Ponds Restoration Partnership	On Target	IMC agrees with the project status. No recommendations.

Independent Monitoring Committee Report
Fiscal Year 2018-2019
Project Recommendations
Priority E - Provide Flood Protection to Homes, Businesses, Schools and Highways

Project:		Status:	Comment:
E1	Vegetation Control and Sediment Removal for Flood Protection	On Target	IMC agrees with the project status. No recommendations.
E2	Emergency Response Planning	On Target	IMC agrees with the project status. No recommendations.
E3	Flood Risk Reduction Studies	On Target	IMC agrees with the project status. No recommendations.
E4	Upper Penitencia Creek Flood Protection - Coyote Creek to Dorel Drive – San José	On Target	IMC agrees with the project status. No recommendations.
E5	San Francisquito Creek Flood Protection - San Francisco Bay to Middlefield Road – Palo Alto	Adjusted	IMC agrees with the project status. No recommendations.
E6	Upper Llagas Creek Flood Protection- Buena Vista Avenue to Wright Avenue – Morgan Hill, San Martin, Gilroy	Adjusted	IMC agrees with the project status. No recommendations.
E7	San Francisco Bay Shoreline Protection- Milpitas, Mountain View, Palo Alto, San José, Santa Clara and Sunnyvale	On Target	IMC agrees with the project status. No recommendations.
E8	Upper Guadalupe River Flood Protection- Highway 280 to Blossom Hill Road – San José	On Target	IMC agrees with the project status. No recommendations.

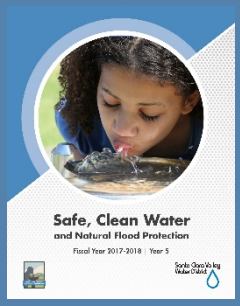
Independent Monitoring Committee Report
Fiscal Year 2018-2019
Project Recommendations
Other Capital Flood Protection Projects and Clean, Safe Creeks Grants Projects

Project:	Status:	Comment:
Permanente Creek Flood Protection San Francisco Bay to Foothill Expressway – Mountain View	Adjusted	IMC agrees with the project status. No recommendations.
Sunnyvale East and Sunnyvale West Channel Flood Protection San Francisco Bay to Inverness Way and Almanor Avenue – Sunnyvale	Adjusted	IMC agrees with the project status. No recommendations.
Berryessa Creek Flood Protection Calaveras Boulevard to Interstate 680 – Milpitas and San José	Completed	IMC agrees with the project status. Recommendation: • Add an asterisk to status of "Completed" with the explanation that there may be outstanding financial obligations for mitigation.
Coyote Creek Flood Protection Montague Expressway to Tully Road – San José	On Target	IMC agrees with the project status. No recommendations.
Calabazas Creek Flood Protection Miller Avenue to Wardell Road	Completed	IMC agrees with status. No recommendations.
Clean, Safe Creeks Grants Projects	Adjusted	IMC agrees with the project status. No recommendations.



Independent Monitoring Committee Report
Fiscal Year 2018-2019
General Notes for future Annual Reports
Safe, Clean Water and Natural Flood Protection Program

Subject:	Note:
Flood Protection Capital Projects: Jurisdictional Complexity	• Jurisdictional Complexity: Besides identifying the jurisdictions involved in the project, it should include language describing the state of cooperation. It should identify if cooperation is going well with the parties or if there is one party or another in which there is some difficulty. • The Permanente Flood Protection Project in FY19 is a good example of Jurisdictional Complexity language.
Flood Protection Project Maps	• Where applicable, include the year of updated flood risk study. • Clarify the difference between FEMA flood risk zone and the Valley Water flood risk zone.
Grants Programs	• There are state and federal agencies that have streamlined grants reporting requirements and have on-time payment schedules. IMC requests the grants administration compare contract requirements and payment timelines with other public granting agencies. Grantees can provide names of efficient public agency grant programs with which to compare.
Financials	• In the project financial tables, add columns reflecting project "Adopted Budget", "Budget Adjustments" and "Adjusted Budget" as reflected in Appendix A. • Add to Appendix A "Transfers and Refunding Proceeds" in and out of projects from Fund 12 and 61; and "Other Revenue" sources such as grants, bond proceeds etc.



Independent Monitoring Committee Notes
Fiscal Year 2018-2019
Notes for future Annual Reports
Safe, Clean Water and Natural Flood Protection Program

Subject:	Note:
B1: Impaired Water Bodies Improvement	• Clarify if Almaden Lake oxygenation system is funded by B1. • Specify that there are taste and odor benefits for Rinconada and Santa Teresa water treatment plants from the Calero Reservoir oxygenation process. • Include summary of the Angler Survey results; mention that both the information is being provided to the County and how the data from the survey is being used. Add the weblink to the survey report.
B2: Interagency Urban Runoff Program	• Use larger "before" and "after" creek cleanup photos.
D3: Grants and Partnerships to Restore Wildlife Habitat and Provide Access to Trails	• Clarify the intent and value of Stream Corridor Priority Plans. The plans should be specific enough to define a project for Safe, Clean Water grant applications.
E1: Vegetation Control and Sediment Removal for Flood Protection	• In addition to the chart identifying the creeks and the volumes of sediment removed, add a weblink to a map showing sediment removal locations. • Name the creeks in the pictures.
E3: Flood Risk Reduction Studies	• Include text to reflect the connection between Rock Springs Study and the Coyote Creek Flood Protection Project.